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UNCLAS SECTION 01 OF 02 ASTANA 002716

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TAGS: [ECON](#) [ETRD](#) [EINV](#) [EIND](#) [ENRG](#) [PGOV](#) [KTDB](#) [KZ](#)

SUBJECT: GOVERNMENT OF KAZAKHSTAN PROPOSES RESOLUTION OF CUSTOMS  
SHUTDOWN

Ref: A) Astana 2511

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1. (SBU) Summary. A new amendment to the Customs Code, enacted by the Government of Kazakhstan (GOK) on July 26, mandates submission of export declaration forms when bringing goods into the country "for free circulation." When the new statute came into force on August 21, it immediately stopped the entry into Kazakhstan of goods originating from countries, which do not allow sharing of such export declarations, particularly the U.S. and the European Union. Embassy Astana has also been unable to bring in some shipments. In response to repeated appeals by the Ambassador, Prime Minister Masimov acknowledged the government's "mistake" but stated that correcting it will require enactment of new legislation, which will take time. In a meeting with Charge today, Vice Minister of Finance outlined a short-term solution. End summary.

USG Aggressively Pushes for Resolution of Customs Shutdown

2. (SBU) Post first became aware of the stoppage of U.S. goods at the Kazakhstani customs due to difficulties in clearing diplomatic shipments and raised the issue with the Customs Committee. Calls to Post from U.S. companies soon followed. On September 5, Special Representative for Commercial and Business Affairs J. Frank Mermoud brought up the issue with Prime Minister Masimov, who described the matter as being "within his competence" and stated that it should soon be resolved. (ref A) The Ambassador has discussed the customs shutdown with Masimov on three different occasions. On September 10, the Ambassador also sent a letter to Finance Minister Korzhova (note: the Customs Committee operates under the aegis of the Ministry of Finance. End note.), which stated that U.S. law prevents sharing of customs declarations and asked for immediate release of the goods held at the border.

3. (SBU) Speaking to the Ambassador, Masimov acknowledged that the new law, initially "aimed at the Chinese," was a "mistake" and now needs to be corrected with another legislative change. Masimov told the Ambassador on September 23 that a government session this week will draft a law for Parliament's consideration. However, Masimov did not hazard a guess as to how long the process would take. Chevron executives have told the Ambassador that the company's CEO has raised the issue with Nazarbayev as a very urgent matter. Nazarbayev, Chevron representatives added, appeared surprised.

4. (SBU) Post has also been working to resolve the non-release of goods headed for the Embassy, a problem shared by many diplomatic missions accredited in Kazakhstan. With Management Counselor's active involvement, a letter was drafted and sent on behalf of Astana's diplomatic corps by Deputy Foreign Minister Zhoshybayev.

## Solution in Sight?

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15. (SBU) On September 27, Charge met with Vice Minister of Finance Daulet Yergozhin. Yergozhin told Charge that draft legislation to "fix" the problem caused by "a badly drafted law" is in the works but may take "a couple of months" to enact. (Note: According to other sources, draft legislation has now been given by the government to Parliament. End note.) Yergozhin also said that the problem can, in the meantime, be resolved by having the U.S. qualify for an exemption. What is needed, Yergozhin stated, is for the U.S. customs authorities to provide a letter, addressed to the Chairman of the Kazakhstani Customs Committee and notarized by the Kazakhstani Embassy in Washington, stating that it is illegal under U.S. law to share export declaration forms. Yergozhin noted that communication on this subject needs to occur between two customs authorities due to the International Customs Union's requirements. A copy of this letter, followed by the original, would be acceptable. Yergozhin stated that U.S. goods would then be exempted from the export declaration submission requirement "within 24 hours." Yergozhin also told Charge that the head of the Customs Committee has now ordered Atyrau customs authorities to permit Chevron's shipments to enter Kazakhstan. (Note: Chevron executives had earlier told Charge that the company's slowdown of production due to delays in receiving shipments is costing the GOK \$6 million a day in lost tax revenues. End note.)

## Comment

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16. (SBU) Comment. Post has pushed hard for an end to the customs shutdown. The Prime Minister is clearly aware of the problem and is working to resolve it. He is seeking to enact legislation lifting or limiting the export declaration requirement, but this will take time. As that process takes place, we are seeking a short-term solution to ensure that U.S. goods are permitted to enter Kazakhstan. Charge's meeting today with Vice Minister of Finance

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provides hope that such a solution is possible. End comment.

MILAS